

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997)

POSTAL RATE AND FEE CHANGES, 1997-1
DOCKET NO. R97-1
OFFICE OF THE SECRETARY

NASHUA PHOTO INC., DISTRICT PHOTO INC.,
MYSTIC COLOR LAB, AND SEATTLE FILMWORKS, INC.
FIRST INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO POSTAL SERVICE WITNESS RICHARD PATELUNAS (NDMS/USPS-T15-1)
(September 17, 1997)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Nashua Photo Inc. (hereinafter "Nashua"), District Photo Inc. ("District"), Mystic Color Lab ("Mystic"), and Seattle FilmWorks, Inc. ("Seattle") (hereinafter collectively referred to as "NDMS"), proceeding jointly herein, hereby submit the following interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,



William J. Olson

John S. Miles

Alan Woll

William J. Olson, P.C.

8180 Greensboro Drive, Suite 1070

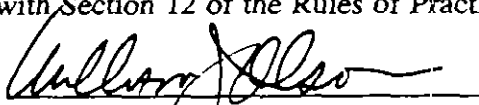
McLean, Virginia 22102-3823

(703) 356-5070

Counsel for Nashua Photo Inc., District Photo Inc.,
Mystic Color Lab, and Seattle FilmWorks, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.



William J. Olson

September 17, 1997

NDMS/USPS-T15-1.

Please refer to your response NDMS/USPS-T33-24 (redirected to you from witness Sharkey), and to LR-H-12, page 100, referred to in your answer. The column "Incremental FY 98" shows an entry on the ninth row for \$100,000 thousand described as Priority Redesign (98) and charged to Account 53599/Comp 142. In the same column, on the penultimate row before "Subtotal Trans. Programs" is another entry for \$100,000 thousand, also labeled Priority Redesign and charged to Account 53131/Comp 143. The subtotal for transportation programs, \$252,447 thousand, would appear to include a total of \$200,000 thousand in FY 98 for Priority Mail Redesign.

- a. Are the two \$100,000 thousand entries for "Priority Mail Redesign" duplicative?
- b. What do Account 53599/Comp 142 and Account 53131/Comp 143 stand for? Are they for air or surface transportation? If either component is for air transportation, please explain what it represents; e.g., expansion of the Eagle Network, special "charter" flights not part of the Eagle Network to transport Priority Mail, etc.
- c. Please confirm that the subtotal for Transportation Programs in FY 98 includes \$200,000 thousand for Priority Mail Redesign. If you do not confirm, or if the two figures cited above are not additive, please explain.
- d. Your answer notes that LR-H-12 includes "a cost reduction in air transportation costs due to Priority Mail Redesign." That does not explain the \$50,164 thousand increase in Priority Mail air transportation costs between Base Year and Test Year Before Rates. In fact, when the cost reduction of \$82 million is taken into account, other unexplained factors are causing an increase of \$132,164 thousand in air transportation costs for

Priority Mail, which is an astounding increase of 34.5 percent over base year air transportation costs. Please explain what is causing both the ground and air transport costs for Priority Mail to increase so sharply.